

ASX Announcement / Media Release

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Syrah commences AAM production at Vidalia, USA

Highlights

- Syrah commences Active Anode Material (“AAM”) production at its 11.25ktpa Vidalia facility in Louisiana, USA
- Vidalia is the first vertically integrated natural graphite AAM supplier outside China, processing natural graphite from Syrah’s Balama Graphite Operation in Mozambique
- Natural graphite is a critical mineral due to its use in the lithium-ion battery supply chain
- Syrah will supply 8ktpa AAM from Vidalia to Tesla under the existing offtake agreement, subject to production ramp-up and finalising qualification
- Syrah is progressing expansion of Vidalia to 45ktpa AAM capacity, inclusive of 11.25ktpa AAM to readiness for a final investment decision
- US Department of Energy is undertaking due diligence for an additional ATVM loan for the Vidalia’s further expansion.

Syrah Resources Limited (ASX:SYR) (“Syrah” or “Company”) is pleased to announce it has commenced Active Anode Material production at its 11.25ktpa AAM facility in Vidalia, Louisiana (“Vidalia”), making Syrah the first commercial-scale, vertically integrated natural graphite AAM supplier outside China.

Syrah Managing Director and CEO Shaun Verner said, “Commencing production at Vidalia is a huge step forward in Syrah’s evolution, with the downstream integration being the culmination of almost seven years of technology development, feasibility, procurement, engineering, construction and commissioning work undertaken by the Syrah team and its service providers. I congratulate Anne Duncan, our VP US Processing Operations, and the Syrah team on the progress to achieve this important milestone with a strong focus on safety, capital cost controls and schedule, with Vidalia has becoming the first integrated AAM facility of its scale built outside China. Syrah expresses its gratitude to the City of Vidalia, the State of Louisiana, the US Department of Energy and the local, state and federal authorities which have supported Syrah in its development of Vidalia. Syrah looks forward to positively contributing to the communities around Vidalia and the Company’s stakeholders in the US for many years to come.

“Our 11.25ktpa AAM Vidalia operation is strategic for both Syrah and the North American battery supply chain and is the foundation of our downstream growth strategy. This strategy is supported by strong EV-driven demand globally, recognition of the importance of independent natural graphite AAM critical mineral supply, and differentiation in terms of emissions intensity of production and provenance of supply. The importance of Vidalia is reinforced by China’s recent introduction of export controls on natural and synthetic graphite and its products, and US guidance on the definition of foreign entity of concern governing qualification for the Section 30D tax credit for new electric vehicles.”

Commissioning and production activities through the various process areas at Vidalia have been undertaken over several months, with extensive involvement from Syrah’s operations team as each area of the plant became available for handover. Syrah has produced unpurified spherical graphite from the front-end milling area since October 2023 to build inventory of precursor value-added material in preparation for commissioning of the purification and furnace areas in January 2024. First purified spherical graphite material was produced in late January 2024. The heating cycle for the first furnace line commenced in early January 2024 and carbonisation of Syrah’s first pitch coated purified spherical graphite is now complete.

The Vidalia operations team is fully staffed with 101 employees engaged in the commissioning process and ramping up operations and production at Vidalia.

With start of AAM production achieved, Syrah's focus at Vidalia transitions to:

- Progressively increasing throughput whilst increasing process consistency, ensuring product quality and maintaining safety;
- Producing and dispatching product samples to Tesla Inc. and other customers, for physical and electro-chemical performance testing programs to complete qualification of the 11.25ktpa AAM Vidalia facility;
- Completing full commissioning of all processing capacity and ancillary infrastructure to support ramp-up; and
- Ramping up production rates to the 11.25ktpa AAM design capacity, targeting 80% within six months and full capacity within 18 months from commencement.

Syrah's onsite laboratory is responsible for initial analysis of product quality and confirms the initial specifications of AAM, including particle size distribution, purity, surface area and physical density, prior to dispatch. Large product samples dispatched to customers for qualification through the March 2024 quarter will be used to confirm customer acceptance. Syrah will build inventory for future sales through the operational ramp-up period.

Offtake sales timing will be determined by commercial considerations and completion of product qualification, to Tesla's satisfaction, to confirm that the product is aligned with contractual requirements as well as the achievement of threshold production rates. The Company is working towards earliest possible revenue from Vidalia but has planned for working capital funding to be available to facilitate production ramp-up, the qualification process, and transition to sales.

Syrah offers the most progressed vertically integrated natural graphite AAM supply alternative for US and European markets. Auto OEMs and battery manufacturers are currently highly reliant on China for their supply of anode products. Progress at Vidalia and its vertical integration with Balama is a unique value proposition to Governments, and battery supply chain participants, specifically: scale; independence and co-location with North American battery production; critical mineral security; and ESG auditability back to the source.

Vidalia AAM is produced using Balama natural graphite, which is a compliant critical mineral that will contribute towards the critical minerals requirement for the Section 30D clean vehicle credit in the Inflation Reduction Act ("IRA"). Considering the current structure of the natural graphite and AAM supply chain, Vidalia is one of the very few suppliers of natural graphite AAM products, currently and over the medium-term, that will not be designated a critical mineral supplied from a foreign entity of concern. Therefore, Vidalia AAM is an essential supply source of critical minerals for the North American battery market for US electric vehicles to qualify for the Section 30D tax credit.

Whilst focussing on cost management, Syrah is progressing transition engineering, permitting and other long lead procurement activities on the expansion of Vidalia's production capacity to 45ktpa AAM, inclusive of 11.25ktpa AAM ("Vidalia Further Expansion") ahead of a final investment decision ("FID") proposal to be considered by the Syrah Board. The Company is progressing offtake agreements and preparing the project for FID readiness. Financing considerations will determine FID timing. Detailed engineering, long-lead items and other procurement, and construction activities will sequentially follow a Syrah Board approved FID.

Syrah has applied to US Department of Energy ("DOE") for an additional loan of US\$350 million under DOE's Advanced Technology Vehicles Manufacturing ("ATVM") loan program to support funding of the Vidalia Further Expansion project, and DOE is progressing due diligence.



Figure 1: Vidalia 11.25ktpa AAM facility and qualification facility aerial pictures.



Figure 2: Vidalia 11.25ktpa AAM facility milling area.



Figure 3: Vidalia 11.25ktpa AAM facility purification area.



Figure 4: Vidalia 11.25ktpa AAM facility air compressors (left); water and neutralisation discharge tanks (right).



Figure 5: Vidalia 11.25ktpa AAM facility nitrogen plant (left); power distribution centre (right).



Figure 6: Vidalia 11.25ktpa AAM facility furnace area.

This release was authorised on behalf of the Syrah Board by

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About Syrah

Syrah (ASX code: SYR) is an Australian Securities Exchange listed industrial minerals and technology company with its flagship Balama Graphite Operation in Mozambique and a downstream Active Anode Material Facility in the United States. Syrah's vision is to be the world's leading supplier of superior quality graphite and anode material products, working closely with customers and the supply chain to add value in battery and industrial markets.

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